

Message Text

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PAGE 01 STATE 022659

71

ORIGIN OPIC-12

INFO OCT-01 ARA-16 ISO-00 EB-11 SAM-01 PRS-01 SS-20 NSC-10

H-03 OMB-01 TRSE-00 COME-00 AID-20 CIAE-00 INR-10

NSAE-00 RSC-01 /107 R

66604

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APPROVED BY EB/IFD/OIA:MKENNEDY

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EB/IFD/OIA:WHCOURTNEY

OPIC/D:RPOATS (DRAFT)

P/OPIC:MARSHALL MAYS

ID/LA-AFR:BTMANSBACH (DRAFT)

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R 041448Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: GDS

TAGS: EFIN, BR

SUBJECT: OPIC RATIONING ON BRAZIL

REF: STATE 002024 AND BRASILIA 212

1. OPIC APPRECIATES EMBASSY SUGGESTIONS REGARDING DEFINITION OF INDUSTRIALIZED VICINITIES OF RIO AND SAO PAULO CITIES. AREAS INDICATED BY EMBASSY CORRESPOND GENERALLY TO THOSE CONTEMPLATED BY OPIC. HOWEVER, OPIC AND DEPARTMENT WONDER WHETHER SAME OBJECTIVE MAY BE ACHIEVED IF DEFINITION IS IN TERMS OF MUNICIPALITIES WHERE CONCENTRATION OF INDUSTRIAL ACTIVITY IS GREATEST, RATHER THAN BY REFERENCE TO GEOGRAPHIC COORDINATES. MUNICIPALITIES, BECAUSE THEY ARE BRAZILIAN TERMS

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PAGE 02 STATE 022659

OF REFERENCE, MAY BE MORE ACCEPTABLE FROM GOB POINT OF

VIEW. ALSO, THESE DEMARCATIONS MAY BE EASIER FOR OPIC AND INVESTORS TO APPLY IN SPECIFIC SITUATIONS. OPIC AND DEPARTMENT WOULD APPRECIATE EMBASSY COMMENTS ON THE FOREGOING.

2. LISTED BELOW ARE AREAS THAT OPIC TENTATIVELY WOULD REGARD AS WITHIN THE INDUSTRIALIZED VICINITIES OF RIO AND SAO PAULO CITIES, AND WHEREIN PROJECTS WOULD BE INELIGIBLE FOR INSURANCE. OPIC WOULD APPRECIATE EMBASSY SUGGESTIONS FOR ADDITIONS TO OR DELETIONS FROM THIS LIST.

A. THE STATE OF GUANABARA

B. MUNICIPIOS IN THE STATE OF RIO DE JANEIRO WITH THE FOLLOWING MAIN CITIES: DUQUE DE CAXIAS, ITABORAI, MAGE, MARCIA, NITEROI, NOVA IGUACU, PETROPOLIS, SAO GONCALO, TERESOPOLIS, VOLTA REDONDA

C. MUNICIPIOS IN THE STATE OF SAO PAULO WITH THE FOLLOWING MAIN CITIES: CAIEIRAS, CAJAMAR, CAMPINAS, CAMPO LIMPO, CARAPICUIBA, COTIA, CRUZEIRO, CUBATAO, DIADEMA, EMBU, EMBU-GUACA, FRANCO DA ROCHA, F. DE VASCONCELOS, FCO. MORATO, GUARAREMA, GUARATINGUETA, GUARULHOS, DIAPECERICA DA SERRA, ITAPEVI, ITAQUAQUECETUBA, ITU, JACAREI, JANDIRA, JUNDIAI, LORENA, LOUVEIRA, MAIRINQUE, MAIRIPORA, MAUA, MOGI DAS CRUCES, OSASCO, PINDAMONHANGABA, PIRAPORA DO B. JESUS, POA, PRAIA GRANDE, RIB. PIRES, RIO GRANDE DA SERRA, ROSEIRAL, SANTA ISABEL, SANTANA DE PARNIBA, SANTO ANDRE, SANTOS, S. BERNARDO DO CAMPO, S. CAETANO DO SUL, SAO JOSE DOS CAMPOS, SAO PAULO, S. ROQUE, SAO VINCENTE, SOROCABA, SUSANO, TABAOA DA SERRA, TAUBATE, TREMEMBE, VALHINOS, VARZEA PAULISTA, VINHEDO.

3. WITH REGARD TO PUBLICITY, OPIC RECOGNIZES THAT THE MANNER IN WHICH RATIONING IS ANNOUNCED IS IMPORTANT AND THE ISSUES SENSITIVE. OPIC DOES NOT INTEND TO ISSUE PRESS RELEASE AT THIS TIME OR WITHOUT PRIOR CONSULTATIONS WITH EMBASSY, BUT MUST, OF COURSE, ADVISE AFFECTED INVESTORS ALREADY REGISTERED OF DEADLINES FOR CONTRACT ISSUANCE. IN ADDITION OPIC MUST DISCUSS RATIONING MEASURES WITH NEW INVESTORS AND FINANCIAL INSTITUTIONS INTERESTED IN BRAZILIAN PROJECTS. ALSO, REFERENCE TO THESE MEASURES MUST BE MADE IN MATERIALS PRE-LIMITED OFFICIAL USE

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PAGE 03 STATE 022659

SENTED TO CONGRESSIONAL COMMITTEES IN CONTEXT OF RISK MANAGEMENT MEASURES BEING TAKEN PURSUANT TO STATUTORY MANDATES. ALL DISCUSSIONS OF RATIONING MEASURES WILL CONVEY THE VIEW THAT THE BRAZILIAN INVESTMENT CLIMATE IS ATTRACTIVE.

4. OPIC HAS NO OBJECTION TO EMBASSY GIVING GOB PRELIMINARY NOTIFICATION REGARDING RATIONING MEASURES BUT PREFERS TO DELAY FORMAL DISCUSSIONS UNTIL FORTHCOMING VISIT BY OPIC EXECUTIVE

VICE PRESIDENT DAVID GREGG III AND INSURANCE OFFICER FELTON
M. JOHNSTON, JR. DURING WEEK OF FEBRUARY 11. THEY WOULD
DISCUSS RATIONING MEASURES IN DETAIL WITH EMBASSY PRELIMINARY
TO MEETING WITH GOB FOR FORMAL DISCUSSIONS OF RATIONING
MEASURES AND OTHER MEANS OF COORDINATING OPIC ACTIVITIES
AND GOB DEVELOPMENT EFFORTS.

GDS - DECLAS JULY 31, 1974. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, INSURANCE, INVESTMENT GUARANTEES, RATIONING
Control Number: n/a
Copy: SINGLE
Draft Date: 04 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE022659
Document Source: CORE
Document Unique ID: 00
Drafter: AFR:F M JOHNSTON, JR.
Enclosure: DG ALTERED
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740257/aaaacbtp.tel
Line Count: 123
Locator: TEXT ON-LINE
Office: ORIGIN OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 002024 AND BRASILIA 212
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 27 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 AUG 2002 by shawdg>; APPROVED <04-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC RATIONING ON BRAZIL
TAGS: EFIN, BR, OPIC
To: BRASILIA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005